AMENDED

APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Date of filing in State Engineer's Office	OCT 07 2005	
Returned to applicant for correction	<u></u>	
Corrected application filed	717#	
Map filed	OCT 27 2005	

The applicant Claude Edward Morris hereby makes application for permission to change the Point of Diversion, place of use and manner of use of water heretofore appropriated under a portion of Permit 31347

- 1. The source of water is underground
- 2. The amount of water to be changed 20 Acre-Feet Annually (1.67 AC-FT/month)
- 3. The water to be used for Mining & milling
- 4. The water heretofore permitted for Irrigation & domestic
- 5. The water is to be diverted at the following point NW¼ NW¼, Section 23, T 45N, R 28E, MDM, at a point from which the NW corner of said Section 23, bears N 61° 00' 00"W, a distance of 1,408 feet
- 6. The existing point of diversion is located within SE¼, NE¼, Section 22, T 45N, R 28E, MDM or at the point from which the E ¼ corner of Section 22, bear S 84° 30′45″ E, a distance of 474.31 feet
- 7. Proposed place of usc within NW1/4 NW1/4, Section 23, T 45N, R 28 E, MDM
- 8. Existing place of use E½, SE¼, Section 15; W½ SW¼, Section 14; E ½ NE¼, Section 22; W½ NW¼, Section 23, all in T 45N, R28E, MDM
- Use will be from January 1 to December 31 of each year.
- 10. Use was permitted from January 1 to December 31 of each year.
- 11. Description of proposed works drilled well, pump, & motor
- 12. Estimated cost of works \$30,000
- 13. Estimated time required to construct works 20 Days
- 14. Estimated time required to complete the application of water to beneficial use 45 Days

15. Remarks: 17,855 gallons/day for milling molybdenum ore in a 100 ton/day flotation mill =20 acre-feet/year. Mill operator (Golden Phoenix Minerals, Inc., Sparks, NV) to file for water rights permit after drilling well

By Claude Edward Morris s/ Claude Edward Morris P.O. Box 207 Denio, NV 89404

Compared hcm/gkl	dl/ gk I	
Protested		

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit to change the point of diversion, manner of use and place of use of a portion of the waters of an underground source as heretofore granted under Permit 31347 is issued subject to the terms and conditions imposed in said Permit 31347 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the Proof of Completion of Work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. The State retains the right to regulate the use of the water herein granted at any and all times.

This temporary permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The well must be sealed with cement grout, concrete grout or neat cement from ground level to 100 feet.

The manner of use of water under this temporary permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.

The issuance of this temporary permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire on **January 30, 2007** at which time all rights herein granted shall revert to the right being changed by this temporary permit. (CONTINUED ON PAGE 3)

Page 3 of 3 (PERMIT TERMS CONTINUED)

The amount of water to be changed shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.1 cubic feet per second, but not to exceed 20 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

N/A - Temporary

Proof of completion of work shall be filed on or before:

N/A - Temporary

Water must be placed to beneficial use on or before:

N/A Temporary

Proof of the application of water to beneficial use shall be filled on or before:

N/A - Temporary

Map in support of proof of beneficial use shall be filed on or before:

N/A - Temporary

IN TESTIMONY WHEREOF, I, HUGH RICCT, P.E.,

State Engineer of Nevada, have hereunto set

my hand and the seal of my office,

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this 31st day of January, A.D. 2006